

## Message Text

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ORIGIN EUR-04

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66611

DRAFTED BY: EUR/RPE:JTMCCARTHY

APPROVED BY: EUR/RPE:ACALBRECHT

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FM SECSTATE WASHDC

TO USMISSION EC BRUSSELS

UNCLAS STATE 071520

FOLLOWING REPEAT LONDON 4054 ACTION SECSTATE 1 APR.

QUOTE

UNCLAS LONDON 04054

E.O. 11652: N/A

TAGS: ETRD, US, UK

SUBJECT: FROZEN ORANGE CONCENTRATE

REF: LONDON 4053

FOLLOWING IS TEXT OF NOTE ON TAX ON FROZEN ORANGE  
CONCENTRATE MENTIONED REFTEL WHICH WAS SENT TO FCO  
MARCH 28:

"THE AMBASSADOR OF THE UNITED STATES OF  
AMERICA PRESENTS HIS COMPLIMENTS TO HER MAJESTY'S  
PRINCIPAL SECRETARY OF STATE FOR FOREIGN AFFAIRS AND  
HAS THE HONOR TO REFER TO THE BUDGET ANNOUNCED BY THE  
CHANCELLOR OF THE EXCHEQUER ON MARCH 26.

"THE EMBASSY HAS TAKEN PARTICULAR NOTE OF THAT  
PART OF THE BUDGET ANNOUNCEMENT PERTAINING TO THE  
IMPOSITION, BY ORDER, FROM APRIL 1, 1974, OF VALUE  
ADDED TAX AT 10 PER CENT TO A CATEGORY OF FOOD ITEMS  
WHICH INCLUDES MANUFACTURED BEVERAGES, INCLUDING FRUIT  
JUICES AND CONCENTRATES. THIS PROVISION AUTHORIZES  
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THE APPLICATION OF VALUE ADDED TAX AT THE 10 PER CENT

RATE TO ORANGE JUICE AND FROZEN ORANGE CONCENTRATES, BOTH OF WHICH ARE EXPORT ITEMS TO THE UNITED KINGDOM FROM THE UNITED STATES. THE PRODUCERS OF CITRUS IN THE UNITED STATES FEAR THAT THE IMPOSITION OF VALUE ADDED TAX ON THIS PARTICULAR FOOD ITEM WILL HAVE THE EFFECT OF REDUCING DEMAND AND THEREBY CURTAILING US FOOD EXPORTS.

"WE BELIEVE IT UNFORTUNATE THAT ORANGE JUICE AND FROZEN ORANGE CONCENTRATE SHOULD BE INCLUDED IN A TAX CLASSIFICATION THAT PERTAINS PRIMARILY TO CONFECTIONARY ITEMS. FROZEN ORANGE CONCENTRATE, JUST AS WHOLE ORANGE JUICE, IS A PURE FOOD AND NOT A CONFECTION. IT WILL BE RECALLED THAT WHEN PURCHASE TAX WAS APPLIED TO THIS CATEGORY OF PRODUCTS THIS EMBASSY ARGUED THAT ORANGE JUICE AND FROZEN ORANGE CONCENTRATE SHOULD BE EXEMPTED ON THE GROUNDS THAT THEY ARE BASIC FOOD ITEMS AND THEREFORE NOT LUXURIES.

"APART FROM THE POTENTIAL ADVERSE EFFECT ON US/UK TRADE IT MIGHT BE NOTED THAT THE IMPOSITION OF THIS TAX SERVES TO INCREASE THE COST OF FOOD, WHICH WOULD APPEAR TO BE CONTRARY TO THE STATED AIMS OF HER MAJESTY'S GOVERNMENT.

"IN CONCLUSION, THE EMBASSY REQUESTS THAT URGENT CONSIDERATION BE GIVEN TO CLASSIFYING ORANGE JUICE AND FROZEN ORANGE CONCENTRATE PROPERLY AS FOODS IN ORDER THAT THEY MAY BE FREED FROM THE BURDEN OF THIS TAX."

SOHM UNQUOTE KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** CITRUS FRUITS, VALUE ADDED TAXES, DIPLOMATIC NOTES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 APR 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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